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Message Text

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PAGE 01 BUENOS 00371 172222Z
ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 XMB-02 /025 W
----------034863 180324Z /64
R 171734Z JAN 78
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 4168
USDOC WASHDC

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PASS EXIM BANK

E.O. 11652 N/A
TAGS EFIN, BEXP, AR
SUBJECT MAJOR PROJECT: SOMISA PLANT EXPANSION

REF: A 77 STATE 308316, B 77 BUENOS AIRES 2775 C 77 BUENOS AIRES 4420

1. EMBOFF TALKED WITH ING JORGE DUNNE, CHIEF FINANACE DIVISION OF SOMISA, AND ING ANTONIO PERASSO, DEAD OF THE PURCHASING SECTION OF SOMISA EQUIPMENT SECTION ABOUT SOMISA PLANS TO INSTALL BLOOMING AND PLATE MILLS BOUGHT FROM JAPAN IN 1975. DEADLINE FOR PRESENTING BIDS REMAINS JANUARY 31, 1978. OF THE ORIGINAL ELEVEN FIRMS INVITED TO SUBMIT BIDS, THE FOLLOWING COMPANIES HAVE EMERGED AS SERIOUS CONTENDERS: THE CONSORTIUM OF MISUBISHI, ITOM, AND MITSUI FROM JAPAN, FERROSTAAL AND TYSSEN FROM GERMANY, AND ITALIMPIANTI FROM ITALY. THE TWO US FIRMS INVITED TO SUBMIT BIDS, KAISER ENGINEERING AND US STEEL ENGINEERING AND CONSULTANTS, HAVE DECLINED TO DO SO. THE SCOPE OF THE PROJECT IS DESCRIBED IN REF B ITEMS TO BE PURCHASED INCLUDE PLANT FOUNDRY, ELECTRICAL, AND TRANSPORTATION EQUIPMENT AS WELL AS HEATING AND REHEATING OVENS. AS REFTEL A CORRECTLY INDICATES, SOMISA PREFERS TO RECEIVE
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BIDS FOR THE COMPLETE PACKAGE, RATHER THAN FOR INDIVIDUAL PIECES OF EQUIPMENT.

2. AS STATED IN REF C, THIS PROJECT WOULD INCREASE ARGENTINE STEEL PRODUCTION CAPACITY BY ABOUT 75 PERCENT (FROM 2.5 MILLION TONS/ANNUALLY TO 4. MILLLION TONS/ANNUALLY) AND CONSEQUENTLY WOULD DRASTICALLY LESSEN DEPENDENCE ON

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STEEL IMPORTS (CURRENTLY ABOUT 50 PERCENT OF ARGENTINAS STEEL CONSUMPTION IS IMPORTED). THUS, IT HAS TOP PRIORITY IN THE GOA NATIONAL STEEL PLAN, DEVELOPED BY DIRECCION GENERAL DE FABRICACIONES MILITARES (THE ARGENTINE ARMYS INDUSTRIAL COMPLEX AND ALSO OWNERS OF SOMISA). NONETHELESS, ACCORDING TO DUNNE, LITTLE IF ANY GOA FINANCING THROUGH THE CENTRAL BANK OR THE NATIONAL DEVELOPMENT BANK OF LOCAL COST LOANS WILL OCCUR, CONTRARY TO MORGAN IMPRESSION AND REFTEL C. DUNNE STATED THAT LOCAL EQUIPMENT SUPPLIERS WILL HAVE TO PROVIDE FINANCING, AND WILL PROBABLY BORROW FUNDS FROM OVERSEAS PRIVATE BANKS. DUNNE ALSO DISCLAIMED ANY KNOWLEDGE OF WHAT BID TERMS WERE UNDER CONSIDERATION BUT STATED THAT FINANCING CONDITIONS WOULD BE IMPORTANT CRITERIA IN EVALUATING EACH BID. SOURCE CLOSE TO STEEL INDUSTRY QUERIED BY EMBOFF ALSO LACKED KNOWLEDGE OF BID TERMS UNDER CONSIDERATION.

3. FYI PEWUSSO INDICATED THAT A SEPARATE BID BY MORGAN FOR CRANES ONLY WOULD NOT BE CONSIDERED DUE TO SOMISA PREFERENCE FOR A FULL PACKAGE BID. HE RECOMMENDED THAT MORGAN CONTACT ONE OF THE BID PARTICIPANTS TO INCLUDE ITS BID IN THE TOTAL PACKAGE SUBMITTED BY THE COMPANY. GIVEN THE FACT THAT NO US FIRMS ARE PRESENTLY BIDDING AND THAT JAPANESE CONSORTIUM AND FERROSTAALY HAVE ASSICIATED CRANE MANUFACTURERS, EMBASSY DOUBTS WHETHER
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THIS IS A REALISTIC OPTION.
CASTRO

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROPOSALS (BID), STEEL PLANTS, ROLLING MILLS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Format: TEL
From: BUENOS AIRES
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ISecure: 1
Legacy Key: link1978/newtext/t19780157/aaaabvnb.tel
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Litigation Code IDs:
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Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 2dd5cfe2-c288-dd11-92da-001cc4696bcc
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Original Classification: LIMITED OFFICIAL USE
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Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
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Subject: MAJOR PROJECT: SOMISA PLANT EXPANSION
TAGS: EFIN, BEXP, EIND, AR, US, XMB, SOMISA
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